

Diocese of La Crosse Catholic Unified School Systems Accounting Policies and Procedures Manual

Chapter One: Introduction

A. Overview

Purpose

This document will serve as an internal reference manual of the policies and procedures to be followed throughout the Diocese of La Crosse Catholic Unified School Systems. The goals of this handbook include:

- Simplify administrative and operating practices by standardizing procedures and reporting.
- Provide accounting and reporting consistency.
- Instruct accounting personnel.
- Serve as a source to improve and document the internal control system, and identify system inefficiencies.

Policies and procedures established in the manual are mandatory, and represent the minimum requirement of recording and reporting within the school systems. Refer to the St. Ambrose Financial Services, Inc. Parish Finance Manual for policies and procedures not covered in this manual.
<http://www.stambrosefinancial.com/PFM.htm>

Automation

Specific use of Sage MIP accounting software package is beyond the scope of this manual. Rather, procedures covered here are meant to take a process up to the computer, not through the computer. Documentation received from the specific software vendor should be consulted when performing computer-related tasks. It is recommended that specific references to sections of the software manual(s) be included in the appropriate areas of this manual to speed up the cross-referencing process. The Sage MIP instruction manual can be accessed electronically through the Help and Support page. For questions that are not answered in the instruction manual contact Tech Support the number is listed on the Help and Support page.

Chart of Accounts

A Chart of Accounts for system schools has been developed in Sage MIP for consistent accounting applications. Sage MIP utilizes a unique chart of accounts structure – a table-driven chart of accounts. This structure provides the capability to track transactions in hundreds or thousands of accounts with a much smaller number of codes. The Unified Schools Systems' Chart of Accounts consists of seven segments:

1. Fund 1 – a self-balancing set of accounts, segregated for a specific purpose in accordance with laws and regulations or specific restrictions and limitations.
 - a. 10 – General
 - b. 20 – Food Service
 - c. 30+ Booster, Home and School, \$crip, Licensed Child Care
2. General Ledger 2
 - a. Asset Accounts
 - 1000 Cash and Checking
 - 1200 Savings
 - 1300 Broker and Endowment
 - 1400 Accounts Receivable
 - 1500 Prepaid Expenses

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- 1520 Scrip Inventory
- 1600 Building, Equipment, Land and Accumulated Depreciation
- b. Liability Accounts
 - 2000 Accounts Payable
 - 2100 Accounts Payable Payroll Expenses
 - 2200 Accrued Expenses
 - 2300 Prepaid Revenue
 - 2400 Home and School Liability Accounts – activity not affecting the operating budget
 - 2500 Scholarships
 - 2600 Accounts Payable Diocese
 - 3000 Net Assets
- c. Revenue Accounts
 - 4000's
- d. Expense Accounts
 - 5000's – 9000's
- 3. Location 3 – Central Office and individual schools
- 4. Department 4 – Labor expense
- 5. Program 5 – Academic and athletic programs
- 6. Fund Source 6
 - a. 1000 Unrestricted
 - b. 2000's Temporarily Restricted – Create and name account for each fund source
 - c. 3000's Permanently Restricted – Create and name account for each fund source
- 7. Activity and Events 7

One of the goals of preparing this manual is to provide the Diocese of La Crosse Unified School Systems and the Diocese of La Crosse itself with a consistent reporting mechanism from all schools. Standardizing the financial reports allows for comparisons to be drawn, as well as provide a common frame of reference when speaking to the finance personnel of other schools in the system.

A summary reporting format has been developed in Sage MIP for the Diocese of La Crosse, which includes a summary Statement of Financial Position (Balance Sheet) and Statement of Activities (Income Statement). See Appendix C for this format. Line items on these summary reports (called “categories” in this manual) should be followed consistently by each reporting system within the Diocese. Specific general ledger accounts under each of these categories can be maintained at the discretion of each school reporting system, depending on the amount of detail desired. For example, the revenue category “Fees” may have individual detail accounts for each type of fee revenue. When the monthly summary report is prepared for the Diocese, however, all of the individual accounts must roll up accurately into the Fees revenue category. This summarization is built into the MIP report “Diocese Monthly Income Statement”.

When describing journal entries for certain transactions in this manual, the debits and credits given can refer to either specific general ledger accounts that are standard among all schools or general categories for general ledger accounts that are not standard among all schools. In the latter case, the specific account used is at the discretion of each school reporting system.

B. How to Use This Manual

Because this manual will be used by a wide variety of organizations and people, and because there are many ways to achieve the same goal, two concepts have been introduced in this manual to allow this flexibility within each school system.

Alternative Procedures

All procedures presented in this manual have a specific objective. The objective(s) may be reporting accuracy, proper file maintenance, or gaining internal accounting control. Therefore, policies and

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procedures are mandatory. However, because many times there are different ways of achieving these objectives, alternative procedures are presented. These procedures are formatted as follows:

Alternative Procedure:

Files may be maintained alphabetically....(etc.)

In general, the procedure presented first is the most desirable, from an efficiency and internal control standpoint. However, the alternative procedures also achieve the objective(s).

School Specific Procedures

Each chapter ends with a section entitled "School Specific Procedures". This section should be used by each school to document specific items such as:

- Alternative procedures chosen
- Specific account numbers to be used
- Location of electronic files in the system
- Copies of school-specific forms
- School specific resources, such as bank accounts and fixed asset custodians

These sections, completed properly, will provide specific training information for new employees and cross-trained employees.

C. Updates

Updates to policies and procedures presented in this manual must be presented and agreed upon by the Controllers and Administrators of each school system. It is recommended that the update of the manual be added to an annual agenda of a meeting of finance personnel and administrators where changes can be presented, discussed and decided upon.

School specific procedures can be updated at the discretion of each school system.

D. Diocese of La Crosse Policy on Employee Disclosure of Misconduct Involving Questionable Accounting or Auditing Matters